

# Using Your Stimulus Benefit



Very Old Photo

*Presented by:*

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## Stimulus Benefits

- \$1200 Stimulus check – 2020
- \$600 checks, Unemployment
- \$1400 Stimulus check - 2021
- \$3600 Child Tax Credit
- Reduced expenses for commuting, meals when working from home
- No Required Minimum Distribution (RMD) in 2020
- Student loan and eviction deferral/forgiveness



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## Reflection

Which of these benefits apply to your personal situation?

SHEMENA™ THE STAR-LEDGER



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## Who Is Affected?

- 'K-shaped' recovery
- Unemployed, furloughed
- Self-employed, contract, and 'gig' workers
- Minimum wage, service sector workers
- Regular salaried/hourly employees with benefits
- Retired



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## Basic Expenses


- Shelter, food, sanitation, utilities
- Safety, security, communication (phone, Internet)
- Child education, child care
- Community – relatives, friends or social circle
- Priorities will vary depending on income, medical plan, savings, resources, support from others



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# Necessities and Choices

- Mortgage, rent, utilities
- Credit card debt
- Health plan
- Transportation – car, public
- Communication – Internet, cell, streaming
- Dining in/out, entertainment
- Pet care




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# Reflection

How financially stable are you  
and your loved ones?

FINANCIAL PLANNING  
SERVICES



"The sports car and sailboat are investments  
for my retirement. I'm using them to attract a  
younger woman who can support me in my old age."



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## What To Do With The Money?

- Pay down credit card debt!
- Emergency slush fund – 6-12 mo. cash
- Auto or home maintenance
- Splurge on a cruise or family vacation
- Charitable donations, 529 plan, HSA, Roth IRA, education
- Save it until there is less market volatility
- **Invest it!**



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## What To Do With The Money?



"So far, so good — I've got our budget all balanced except for food, clothing, and shelter!"

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REAL ANSWERS. REAL SOLUTIONS.



"People are living longer than ever before.  
It's nature's way of helping you pay  
off your student loans."



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## Investment Options

- Bank account, CDs, bonds
- Mutual funds
- ETFs, Index funds
- **Stock in companies with a proven track record**
- Precious metals, artwork
- Digital currency, e.g., Bitcoin, Ethereum
- Non-Fungible Tokens (NFTs) – blockchain-based



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## Investing Choices


- Financial Advisors
- Traditional Investing Brokerages
- Online Trading Accounts
- Investment Clubs



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# Investing Choices

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**"Sometimes the best investments are the ones you don't make. Let's go with that strategy and see where it takes us."**

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**"We should probably take an aggressive approach. My allowance is 50¢ a week and I want to retire at age 16."**



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# Financial Advisors

1. ROBO – low cost, low/no minimums  
**Betterment**  **STASH** 
  
2. ONLINE – medium cost, varied minimums  
**Vanguard**  **ZOE** 
  
3. TRADITIONAL – higher cost & minimums  
**Vanguard**  **personal CAPITAL** 



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## Advantages/Disadvantages

### Financial Advisor - Advantages

- Personalized guidance if you don't have the time, knowledge, expertise or confidence
- Help establish an objective and overall investment strategy
- FINRA certification



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## Advantages/Disadvantages

### Financial Advisor - Disadvantages

- Fees are based on account total, not performance
- Understand how they make their money – are they promoting a product?
- Your mileage may vary



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# Traditional Investment Brokers

- Charles Schwab 
- TD Ameritrade (Schwab) 
- Fidelity 
- J P Morgan Chase 
- Merrill Edge (Bank of America) 
- T Rowe Price 
- Vanguard 



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# Traditional Investment Brokers



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## Advantages/Disadvantages

### Traditional Brokerage Account - Advantages

- Financial Advisor to help with the mechanics of investing
- Low/no fee options, trade on line
- Research, opinions and guidance available on company web site
- May offer focused funds like retirement date funds



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## Advantages/Disadvantages

### Traditional Brokerage Account - Disadvantages

- Little choice in your professional contact
- May promote company's products
- Interest level dictated by account size



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# Stock Market Investing



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**"If a stock goes sour and leaves a bad taste in your mouth, try one of these — they're InvestMints!"**



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**"The stock market bounced back today until analysts determined that bouncing looks silly and undignified."**




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# Online Brokerages







<https://www.nerdwallet.com/best/investing/investment-apps>

Broker	NerdWallet Rating <sup>Ⓞ</sup>	Commissions	Promotion	Account Minimum
 MERRILL <small>A BANK OF AMERICA COMPANY</small> Merrill Edge	★ 5.0 /5	\$0 per trade	Up to \$600 cash credit with qualifying deposit	\$0
 E*TRADE	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 TD Ameritrade	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 SoFi Active Investing	★ 4.5 /5	\$0 per trade	Free career counseling plus loan discounts with qualifying deposit	\$0
 Robinhood	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0



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## Nerdwallet Ratings, cont'd.

 Stash	★ 3.5 /5	\$1 - \$9 per month	Up to \$510 cash credit to invest with qualifying deposit	\$0
 Acorns	★ 3.5 /5	\$1 - \$5 per month	None no promotion available at this time	\$0
 You Invest by J.P.Morgan	★ 4.5 /5	\$0 per trade	Up to \$725 when you open and fund a You Invest Trade account with qualifying new money	\$0
 Ally Invest	★ 5.0 /5	\$0 per trade (on eligible US securities)	\$50 - \$3,500 in cash bonus with qualifying deposit.	\$0
 Charles Schwab	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0
 Fidelity	★ 5.0 /5	\$0 per trade	None no promotion available at this time	\$0



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## Advantages/Disadvantages

### Online Brokerages - Advantages

- Stocks, funds, ETFs, etc.
- Trade via cell phone
- Low/no minimum investment
- Often tied to banking and ATM access



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## Advantages/Disadvantages

### Online Brokerages - Disadvantages

- Robo advice may not apply
- Too easy to become captivated by the process
- Easy to make mistakes if you're not educated in investments



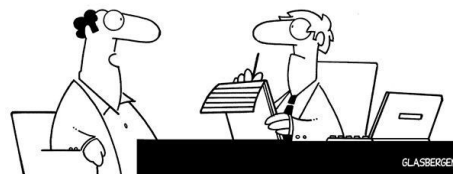
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## Reflection

Do you need an advisor or do you want to learn to actively manage your money?

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INVESTMENTS AND  
RETIREMENT PLANNING



**"You have to spend money to make money. So I bought myself a cabin cruiser, luxury sports car, and a giant screen plasma TV."**



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## Investment Clubs

- Social environment of like-minded individuals in which to educate themselves about investing your money
- Operates like a small-scale mutual fund where members make the investment decisions as a group
- Learn about investment styles, sectors/industries, portfolio management, risk evaluation, diversification
- Learn to trust your judgment in evaluating companies



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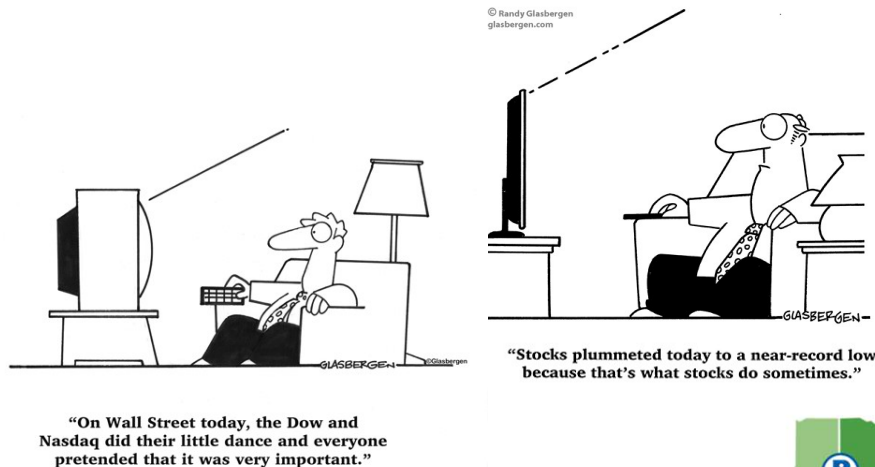
## Investment Clubs, cont'd.

- Learn how companies and the greater economy operates, where your goods and services come from
- Often established as a legal entity such as a partnership or LLC but subject to regulatory oversight and standardized accounting records
- Learn how to use preferred information sources such as Value Line, Morningstar, CFRA, NASDAQ, Yahoo, Zacks, Edgar, Finviz, BigCharts, Investopedia
- Members may form clubs with specific objectives, e.g., a family or high school club



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## Investment Clubs



"On Wall Street today, the Dow and Nasdaq did their little dance and everyone pretended that it was very important."

"Stocks plummeted today to a near-record low because that's what stocks do sometimes."



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## Advantages/Disadvantages

- Gain a wealth of knowledge about investing
- Understand how wealth is created through investment in individual companies
- Follow one or more stocks in depth and report your findings to the club
- Takes time to do the research properly and accept input from other club members
- Warning: May be habit-forming!



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## Better Investing Clubs

- Betterinvesting.org website has all the information and local club contacts
- Learn through numerous webinars, training courses. Presenters are very experienced investors and share their ideas but make no specific recommendations
- Use the powerful Stock Selection Guide (SSG) software to evaluate companies and make your judgments about their potential future performance



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## Reflection

Are you ready to start or join a club???



**“My investing club has been meeting for four years. So far we’ve invested \$500 in stocks, \$100 in bonds and \$3000 in coffee and cake.”**



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## OKI Club Scene

- The Ohio/Kentucky/Indiana Chapter has two Model Investment Clubs – Cincinnati Model Investment Club (CinMIC) and Dayton Model Investment Club (DayMIC)
- Attendees/members often belong to more than one club
- Most other clubs are smaller and private
- Form your own club – lots of resources on the BI web site
- On-line tools make club management easy



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## Starting A Club

- Organize membership – make sure members are known, trustworthy, and willing to do the work, not just socialize
- Utilize an entry fee and monthly investment fee to keep members engaged
- Choose an organizational structure – officers, succession plan, regular meeting schedule and agenda, record keeping plan
- Choose a legal structure – partnerships are most common



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## Starting A Club, cont'd.

- Choose a brokerage that supports clubs - required
- Choose record keeping and accounting tools to keep track
- Get an Employer Identification Number (EIN) from the IRS as the club will have to file taxes
- Decide on goals and objectives and create a plan to achieve them – this is a group effort and takes consensus
- Attend a model club for a while to see how decisions are made



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## General Advice



"The stock market is like a roller coaster, except I never throw up my hands and go wheeeeeeeeeeeeeee!"



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## General Advice

- Reduce or eliminate debt
- Avoid leverage
- Beware of excessive expenses
- Learn before you invest – understand risk, diversify
- Don't be emotional about investments
- If you can't take the time to understand investing, stick with index funds



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## QUESTIONS? COMMENTS?

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